UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/51/785
27 January 1997

ORIGINAL: ENGLISH

Fifty-first session
Agenda item 48

STRENGTHENING OF THE UNITED NATIONS SYSTEM

Letter dated 20 January 1997 from the Permanent Representatives of Denmark, Finland, Iceland, Norway and Sweden to the United Nations addressed to the Secretary-General

On behalf of the Governments of the five Nordic countries, Denmark, Finland, Iceland, Norway and Sweden, we have the honour to present herewith a joint Nordic report entitled "The United Nations in Development; Strengthening the UN through Change: Fulfilling Its Economic and Social Mandate" (see annex).

The Nordic United Nations Reform Project 1996 in the Economic and Social Fields was initiated by the Nordic Ministers for Development Cooperation on 26 January 1996, and approved by them on 18 December 1996. In the attached report the Nordic Governments give their joint views on the need for reform in five areas: United Nations work at country level; operations at Headquarters level; governance of the United Nations system; financial reform and adequate and predictable funding; and staff policy.

The Nordic countries' commitment to the United Nations is well known. We want to seek ways to make the United Nations more effective and relevant in order to strengthen and enable it better to fulfil its economic and social mandate. The aim of the Nordic project is to provide ideas, concepts and proposals for the renewal and development of the United Nations social and economic sectors.

The project's conclusions and recommendations have been influenced by an interactive process which has emphasized consultations with interested countries and organizations, including three regional workshops in South Asia, Latin America and southern Africa, as well as consultations with other countries and Nordic reform seminars.

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We should be grateful if the present letter and its annex could be circulated as a document of the General Assembly under agenda item 48.

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ANNEX

THE NORDIC UN REFORM PROJECT 1996
IN THE ECONOMIC AND SOCIAL FIELDS

The United Nations in Development

Strengthening the UN through Change: Fulfilling Its Economic and Social Mandate

Contents

INTRODUCTION 5
A Nordic Contribution to the Reform Process 5
The Logic of Reform 6

AN EXECUTIVE SUMMARY OF PROPOSALS BY THE NORDIC COUNTRIES 9
1. The country level: Supporting integrated development and local ownership 9
2. The headquarters level: Integrated support of country level operations 9
3. Governance of the UN system by Member States 11
4. Financial reform and predictable funding 12
5. Recruitment and management of staff 13

THE UN IN DEVELOPMENT 14
A. Challenges for International Cooperation 14
B. Institutional Challenges to the UN 15
C. The Mission of the UN in the Economic and Social Fields 16
D. The Case for Reform 18

1. THE COUNTRY LEVEL: SUPPORTING INTEGRATED DEVELOPMENT AND LOCAL OWNERSHIP 20
1.1 The Setting: The Position of the UN in the Interaction of Development Institutions 20
1.2 The Roles and Functions of the UN at Country Level 20
1.3 Nordic Proposals: Unification of the UN at Country Level 22
1.4 The Challenges Ahead: Moving towards Unification 23

2. THE HEADQUARTERS LEVEL: INTEGRATED SUPPORT OF COUNTRY LEVEL OPERATIONS 24
2.1 The Setting: Supporting Integrated Country Operations 24
2.2 The Roles and Functions of the UN at Headquarters Level 25
2.3 Nordic Proposals: Consolidation of the UN at Headquarters Level 26
2.3.1 Organisations in a Consolidated Structure 26
2.3.2 Harmonised Rules and Procedures 27
2.3.3 Joint Functions 27
2.3.4 General Principles 27
2.3.5 Retention of Identities 28
2.3.6 Collaboration with the Specialised Agencies and the Bretton Woods Institutions 28
2.3.7 Reorganising the UN Secretariat 29
2.4 The Challenges Ahead: Steps towards Consolidation 30

3. GOVERNANCE OF THE UN SYSTEM 31
3.1 The Setting: Enhancing Governance in Economic and Social Fields . 31
3.2 Clarifying the Functions of Governance 31
3.3 Nordic Proposals: Clarifying the Role of ECOSOC in an Improved UN Governance System 32
3.3.1 Policy-making 33
3.3.2 Coordination 33
3.3.3 Implementation 34
3.4 The Challenges Ahead: Reforming Governance and Operations 35

4. FINANCIAL REFORM AND PREDICTABLE FUNDING 36
4.1 The Setting: Complexity and Instability 36
4.2 Current Initiatives in Funding 41
4.3 Nordic Proposals: Diversification within Multilateralism 42
4.4 The Challenges Ahead: Balancing Diversity with Consistency 43

5. RECRUITMENT AND MANAGEMENT OF STAFF 45
5.1 The Setting: Recognised Limitations and Partial Reform 45
5.2 Key Elements in Staff Recruitment and Management 45
5.3 Nordic Proposals: Focused Reforms in a Unified Staff System 46
5.3.1 Recruitment Policy 46
5.3.2 Flexible Employment of a More Specialised Staff 46
5.3.3 Systematic Performance Appraisal 47
5.3.4 Unified Human Resource Practices and Policies 47
5.3.5 Competitive and Performance-related Compensation 48
5.4 The Challenges Ahead: Pursuing Reform in a Complex System 48

ABBREVIATIONS 50

Introduction

A Nordic Contribution to the Reform Process

The Nordic countries have very high expectations as regards the role of the UN in the economic and social fields. We find the UN essential for the establishment and implementation of global norms for the livelihood of people and the behaviour of their institutions. Our goal in this paper is to strengthen the UN, enabling it to fulfil its economic and social mandate.

In 1991, we published *UN Reform Issues in the Economic and Social Fields. A Nordic Perspective*. One conclusion was that "a stronger sense of partnership and willingness to undertake reforms needs to be fostered among the UN's members." Much has been achieved since then, as seen for example in the adoption of UN General Assembly resolutions 45/264, 48/162 and 50/227. We are encouraged by the prospects for a coherent and comprehensive approach to UN renewal in the economic and social fields. On the other hand, we are disappointed by the slow progress achieved thus far. Our decision to reinvigorate the *UN Reform Project of the Nordic Countries* aims to develop ideas and concepts for discussion among partners in the North and in the South as well as to provide constructive, concrete proposals in relevant reform processes.

We outline in this paper the results of our efforts to develop a coherent outline of a future UN in the economic and social fields, and of the reforms necessary to move in this direction. Establishing such a reform agenda is only half the task, however. We have at the same time initiated a dialogue with other UN member states, particularly in the South, to seek and strengthen a shared sense of common purpose. The UN suffers partly from a discrepancy between its ever-increasing tasks and its dwindling resources, partly from a crisis of confidence between North and South over the very future of the UN. We believe that the capitals of member states must be involved more directly in addressing this situation. We seek to strengthen such a dialogue, and we have in the development of this paper benefitted greatly from a series of country visits and regional workshops during 1996.

Our two approaches of developing reform proposals and building coalitions among member states are based on a conviction that the UN must be ultimately judged on its impact at country level and on its relevance as perceived by developed and developing nations alike. The norm and agenda-setting role of the UN is and must be relevant to the people of all member states. The need for open dialogue and norm-based international cooperation is enhanced in the current context of economic and social globalisation and integration.

Over the years, we have supported the UN to strengthen our commitment to

sustainable development and empowerment of the poorest and most disadvantaged people - children, women and men. In this paper, we focus on the UN's role in development, and we find it essential to maintain an emphasis on poverty eradication and to direct operational development activities primarily to the poorest countries. We also find it essential to maintain links between the UN's operational development activities and its activities in broad norm-setting. There should also be a strong link between operational development activities and humanitarian operations. We do not, however, at this stage deal with the issues of the humanitarian mandate of the UN on the one hand, and of global economic governance on the other.

The Nordic countries continue to provide a substantial share of the funds for the UN's operational activities in the economic and social fields. The UN has suffered from a decline in voluntary core contributions to its development activities, resulting in a widening gap between the demands on and tasks of the UN on the one hand and its resources and capacity on the other. We are convinced that reforms are necessary to provide the UN with a broader and more secure financial basis.

The Logic of Reform

The most immediate and direct way to re-establish nations' basic trust in the UN system is to demonstrate a clear and improved impact of UN activities at country level. This is, in our view, the yardstick by which UN activities in the economic and social fields should be measured.

During the 1990s, the UN has contributed decisively to the formulation and global adoption of a more integrated approach to human and sustainable development. The UN has the responsibility and is well placed to support the *translation of these and other global norms into action* by the people and their governments world-wide. At the same time, the UN has an obligation to assist developing countries in their national development endeavours. In these efforts, new emphasis on local ownership and capacity development is essential.

Our proposals for reform, as summarised below, are based on a logic moving from UN impact and relevance at country level to UN structure and resources.

To maximise the impact of UN activities in the economic and social fields, we believe it is necessary for the UN development system to concentrate its resources through *unification of its presence at country level* into one UN office.

At headquarters level the primary task of the UN development system would

then be to support the integrated development cooperation and advice provided by the unified UN system at country level. *Functional integration of UN funds and programmes at headquarters level* is needed to ensure that messages channelled from UN headquarters are coherent and supportive of field operations. This integration would draw upon the special expertise and capacities of the individual UN funds and programmes as well as the specialised agencies.

Member states' *governance of the UN in the economic and social fields* must be improved to optimise the role of the UN in supporting the translation of global norms and standards into action by people and governments in all countries. Clarification of the governance functions at policy, coordination, and implementation levels, respectively, would make it possible for the UN funds, programmes and specialised agencies to focus on active support to unified country-level operations.

The UN can undertake its country level and headquarters-based activities if *adequate and predictable funding* is provided. The tasks described above are unlikely to require less funds than are currently available to the UN, but the proposed unification and consolidation of the UN would enable it to transfer resources from administrative services to operational activities and often from headquarters to country level. Such a system might also be able to attract more stable core funding to the UN in the economic and social field. At the same time, it is necessary to look for new sources and modalities of funding.

Recognising that *competent staff* are at least as important as effective structures, clear governance and adequate funds for the overall performance of the UN, it is necessary to move towards greater performance-related flexibility in staff recruitment. This means strengthening current work in the UN to achieve transparent recruitment of staff, systematic, result-oriented performance appraisal, and unified human resources practices and policies.

The Nordic countries have recognised the need for an open dialogue among member states in order to build a broad and solid platform for further and renewed efforts in this direction. The current crisis of confidence between developed and developing countries must be overcome and replaced with a reaffirmed and reinvigorated partnership between nations. This global partnership for development must reaffirm the UN Charter pledge to employ international machinery for the promotion of the economic and social advancement of all peoples. It must identify the changes which are necessary to strengthen and revitalise the UN and improve its ability to fulfil this mandate and respond to the global challenges of the 21st century.

We sincerely hope and believe that these proposals will encourage further constructive discussions and contribute to UN renewal and reform.

Tampere, Finland, 18 December 1996

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An Executive Summary of Proposals by the Nordic Countries

1. The country level: Supporting integrated development and local ownership

a) The principal role of the UN at country level should be to advocate and give support to the formulation of national development policies and the strengthening of national capacity within a framework of globally agreed norms and commitments. In order to improve its effectiveness in this role, the UN must achieve greater coherence in its normative and operational activities.

b) At country level, the integration of UN presence and activities in the economic and social fields should lead to a single, unified UN development system, which should be organised in one UN office.

c) The integration of UN agencies should not jeopardise the identity of the organisations. The goal should be effective unification of the system. Within a common policy framework, the UN, together with the host country, should identify a limited number of priority areas for intervention.

d) All members of the UN development system, i.e. funds, programmes and specialised agencies, should be represented by one common representative at country level. Specialised agencies should work as host country advisers.

e) The integration of the UN at country level should comprise common premises and administration, and harmonised programming, budgeting and priority-setting. The harmonised programming and budgeting of activities would require that the UN funds, programmes and specialised agencies agree on a common approach to the decentralisation of authority within their respective structures.

2. The headquarters level: Integrated support of country level operations

a) The unification of UN system activities at country level requires functional consolidation at headquarters level, including better harmonised procedures within the entire UN development system. This should be the

starting-point for the reform of UN headquarters. An assessment should be made of the extent to which functional consolidation requires structural and organisational consolidation as well.

b) Consolidation of the headquarters of UN funds and programmes should be undertaken in phases: firstly, the launching of an assessment of the need for structural consolidation in support of unification at country level; secondly, harmonisation and integration of a number of planning and administrative processes, which is cost-effective even within the present structures; thirdly, decision on the extent and form of structural consolidation at headquarters level to achieve the greatest possible impact at country level.

c) All operational funds and programmes should be part of the functional consolidation at headquarters level and become part of an eventual consolidated structure. Other UN organisations, such as the humanitarian and specialised agencies, should be as closely as possible coordinated with this functional consolidation and an eventual consolidated structure.

d) All UN organisations should harmonise their standards for programme and project design, approval, implementation, monitoring and evaluation, their rules for delegation of authority to the country offices, and their budget processes and systems.

e) As part of the functional consolidation, a number of tasks should be integrated and, to the extent possible, undertaken jointly: administrative services; programming, budgeting and the establishment of allocation criteria; country programmes; and a common policy framework.

f) The functional consolidation should be based on the following general principles: few administrative layers; a critical mass of core staff, relying on the out-sourcing of tasks and short-term recruitment; a better balance between headquarters and field staff; and further decentralisation of tasks and responsibilities to country offices.

g) The UN funds and programmes could retain their individual identities, while their activities should be guided by a common policy framework. Based on a more precise definition of their roles and mandates and a clear division of responsibility, each organisation should pursue fund-raising activities within a consolidated UN programme for development activities in the economic and social fields.

h) New forms of collaboration should be developed with the specialised

agencies, which should be centres of excellence focusing primarily on their normative tasks.

i) There should be closer cooperation between the UN, the Bretton Woods institutions and the WTO at policy, operational and country levels, e.g. in the context of joint implementation of the programmes of action of major UN conferences.

j) There should be coherence in the structures of the UN Secretariat and in country-level operations. DESIPA, DPCSD and DDSMS should be merged into one Secretariat unit, to be headed by one Under-Secretary General responsible for economic and social issues. This USG should also function as the executive secretary of ECOSOC.

3. Governance of the UN system by Member States

a) In order to provide better governance to a unified UN system in the economic and social fields, further integration of intergovernmental mechanisms should be pursued together with a better division of labour between the various governing bodies. The aim should be to concentrate policy-making in the General Assembly, to relieve the highest level governing bodies from programming and implementation issues, and hence to allow the lower level governing bodies to concentrate on strategies, programmes and budgets.

b) ECOSOC's role as a coordinator for reports and recommendations should be strengthened to avoid overlap of policy discussions with the General Assembly. For the same reason, the agendas of the 2nd and 3rd Committees of the General Assembly should be consolidated, and duplication of work with ECOSOC prevented.

c) ECOSOC should have a significant role in the coordinated follow-up of the outcome and monitoring of the implementation of global conferences and other major UN initiatives in the economic, social and related fields.

d) ECOSOC should be convened whenever necessary to address urgent developments in the economic, social and related fields that may require guidance and coordination by the Council. An active bureau which is instrumental in the further strengthened ECOSOC should after consultation with member countries, determine when this is the case and make the necessary preparations for sessions, in close cooperation with the proposed USG for economic and social issues.

e) ECOSOC should, based on the policy decisions of the GA, provide action-oriented policy guidance to all parts of the UN system, including the specialised agencies and the Regional Commissions. ECOSOC's role vis-à-vis the operational activities of the UN system should include the coordinated follow-up to the triennial policy reviews.

f) ECOSOC should exercise its authority fully vis-à-vis its subsidiary bodies. The funds and programmes should implement recent ECOSOC decisions calling for joint meetings of the Executive Boards. At the operational level, the ultimate goal should be a unified governing body for a consolidated UN development system, in response to the long-term option of a single UN development agency.

g) We support the comprehensive review already initiated of the mandates, composition, functions and working methods of the Functional Commissions. They should provide ECOSOC with expert advice in their respective fields, and assist ECOSOC in following up the international conferences and other major UN initiatives

4. Financial reform and predictable funding

a) Reforms in the funding of the work of UN funds and programmes should be judged on their ability to meet the following essential requirements:
- assuring resources on a predictable and continuous basis;
- creating a link between an agreement on the volume of activity and the sharing of the financing;
- achieving contributions by all countries to the financing of the system;
- considering the UN's normative work and common administrative machinery a common financial responsibility of all UN member states.

b) Work should be continued to achieve a combination of the present system of voluntary contributions, pledges agreed upon among participating countries after negotiations, and contributions from all member states on an assessed scale.

c) Further examination of new sources of funding is necessary and should be encouraged.

d) All sources of funding to be considered must pass the test of allowing the UN system at country level to retain its multilateral character and must permit the development of cohesive and flexible UN programmes.

5. Recruitment and management of staff

a) Reform should aim in particular at greater performance-related flexibility in the system for recruiting and developing staff within the UN.

b) Recruitment should be carried out in a more simple, transparent and accountable manner, especially for senior positions. Consideration should be given to limiting the terms of office for top posts, and a more widespread use of time-limited contracts.

c) The UN should develop a new and more flexible employment and staff development policy, reducing the recruitment of career UN employees while contracting candidates with a technical competence on more flexible terms.

d) A unified personnel management system, including a UN staff appraisal system, should be introduced and promoted. It should encompass the Secretariat, the funds and programmes, and the specialised agencies, and it should lead to a common pool of human resources.

The UN in Development

In the economic, social and related fields, the UN faces an increasingly difficult situation. The UN lacks the capacity and resources to deal adequately with the huge tasks assigned to it. The discrepancy between capacity and tasks, developed over half a century, has led to a vicious circle where the perceived marginalisation of the UN makes it less attractive for donors, which leads to reduced voluntary contributions. This again erodes its capacity even further. Before turning to concrete reform proposals, we shall summarise the developments that have led to the present situation where reform is necessary if the UN is to fulfil the high expectations of its member states.

A. Challenges for International Cooperation

The main challenges for the international community at the turn of the century stem from global trends, such as trade liberalisation and increasing ecological interdependence, and from persistent factors, such as widespread poverty and severe social inequalities between and within nations. The challenges to the international community mentioned below are particularly relevant for the work of the UN in the social and economic fields. They must be addressed by a strengthened global partnership between industrial countries, developing countries and intergovernmental institutions.

Persistent and increased poverty: Widespread poverty is the main cause of human suffering. More than 1.3 billion people live in absolute poverty with an income of less than 1 USD per day, and the number is growing. Forecasts indicate that half of the people in sub-Saharan Africa will be living in absolute poverty by the year 2000. The gap in per capita income between the developed and developing world has tripled since 1960. These figures clearly illustrate that the poorest countries in the developing world are not closing the gap between them and the industrial countries. Due to the overwhelming concentration of direct foreign investment in middle-income countries, increased trade is unlikely in itself to eliminate the poverty problem. Many least developed countries are becoming increasingly marginalised in the world economy, and are not likely in the short term to benefit from the liberalisation of international trade and capital movements. The fight to eliminate poverty thus stands out as the primary area where international public intervention is required.

Global problems: In an increasingly interdependent world, individual countries cannot deal adequately with the major issues such as the following on their own: preserving the global environment; preventing and resolving violent conflicts; securing free and fair terms of international trade; and combating

international crime, drug trafficking, and health-related epidemics. These issues require action by multilateral institutions, including servicing as a forum for the adoption of global norms and agreements and a range of operational services to support the translation of these norms and agreements into action.

Towards an integrated, norm-based development approach: An agenda for a new, integrated and norm-based approach to development is emerging. Despite their sectoral and thematic focuses, the global UN conferences of the 1990s made significant contributions to this. The approach is people-centred and cross-sectoral. The goal is human development through the empowerment of people, enhancing their choices and enabling them to deal adequately with their every-day life on a sustainable basis.

The UN provides negotiating fora for all member states to seek common ideals and norms in the economic and social fields. Global norms apply to all countries. It is emphasised that norm implementation and development promotion is a national responsibility, while the international society should play a supportive role, focusing on advocacy and the development of capacity in local government institutions and civil society. The international support, which includes policy dialogue, capacity development, technical cooperation, support to national aid coordination services, as well as financial support, must often cut across traditional sectors of government, in accordance with the integrated nature of the emerging development approach.

B. Institutional Challenges to the UN

In 1945, achieving and maintaining peace and security was the overarching goal of the UN. Its responsibilities in the economic and social fields were seen as supporting this primary goal. This perception has changed. Today, peace is still the overarching goal, but the promotion of economic and social development and human security is recognised as having intrinsic value.

The international response in the UN to the emerging challenges has often been to establish new institutions and units to deal with them. Unavoidably, this has led to institutional proliferation and even fragmentation. As tasks and units have multiplied, the authority of central governance and decision-making has decreased. Consequently, the UN suffers from problems such as overlapping mandates and functions among funds, programmes and agencies, as well as duplication of debates and dispersal of authority between different layers of intergovernmental organs.

At the same time, a new division of labour in the economic and social fields

has emerged. The World Bank has become involved in many traditional UN areas and in most of the new fields. A migration of tasks from the UN to the Bank has been noticeable. The normative role in questions of international trade has been consolidated in the WTO.

Given the risk of task overload and marginalisation, comprehensive reforms of the UN system are required to enable it to fulfil its mandate and the high expectations of its member states.

C. The Mission of the UN in the Economic and Social Fields

The UN is *the* major framework for global cooperation. Its multifaceted tasks, its broad representation and its neutrality give the UN a unique role among intergovernmental organisations. In addition to the fundamental task of preserving global peace and security, the UN Charter recognises the crucial importance of economic and social development, and calls for international cooperation to achieve this.

The major strength of the UN lies in its legitimacy, which derives from its universal and democratic structure. The UN has distinct and inherent advantages as an arena for reaching international agreements and adopting treaties and conventions of a global scope. This is the *normative* role of the UN, which applies equally to all member states. However, norms cannot be established in a vacuum. They have to be adopted and implemented by the people and institutions of member states, with or without international operational support.

Within the broad framework of global norms, the UN also has an *operational* role, through which it assists in translating norms and policies adopted at the intergovernmental level in UN fora into action at the national and local level. In operational activities for development and humanitarian relief, other multilateral and bilateral actors carry out similar tasks, often as well as or even better than the UN. This does not deprive the UN of operational roles, but increases the need for effective delivery of development services by the UN system and for their linkage to the normative functions of the organisation, as well as for a clear division of labour between the UN and other operational organisations.

The normative functions of the UN: Certain needs and challenges cannot be dealt with by individual states alone and have come to be recognised as matters of international responsibility. As global interdependence increases, the need for global norms and commitments (sometimes reflected in legally binding instruments) increases. This applies to developing and developed countries alike.

Globalisation requires, and at the same time contributes to, universal values. For these needs and values, the UN provides an arena: a unique platform for dialogue, global agenda setting, the development of common understanding, the formulation of shared values, the elaboration of international agreements and the monitoring of implementation of these agreements - in effect an emerging public sector taking care of international public services. In the view of the Nordic countries, these functions should be safeguarded and strengthened. If the UN is unable to fulfil these functions, norms will be established in other fora, or they will be neglected which will have serious consequences for us all.

In recent years, the UN's normative functions have been promoted through global conferences where new commitments were made in the economic and social fields, including education, children, the environment, human rights, population, social development, women, the human habitat and food. These conferences and other UN initiatives have led to a number of advances in global norms and values, not least as regards the empowerment of people and civil society. The integrated follow-up - in the broad sense of the word - of the conferences by the UN system represents a critical challenge which will test the coherence and effectiveness of the world organisation.

The operational functions of the UN: The full responsibility for acting on internationally agreed norms and standards rests with national governments. Effective mechanisms to assist governments in this endeavour are the best means for the international community to secure implementation of globally accepted norms and standards. The international community should provide support in order to ensure that norms are translated into reality. In many countries, technical cooperation is an important means to accomplish this. In other countries, policy dialogue will be the main instrument. The broad presence of the UN puts it in a strong position to carry out this task provided it is adequately structured and staffed. Supporting the translation of norms and standards through policy advice and operational programmes suitable for individual country circumstances should be regarded as a major task and strength of the UN.

Functions in support of the normative and operational functions of the UN: Norm-setting and operational programmes must be based on extensive knowledge about different national realities. The collection and analysis of economic and social data should facilitate the normative and operational roles of the UN by producing reliable and comparable data that is valid for all member states. As a global organisation with a virtually global presence, the UN has an advantage both in gathering and analysing data and in developing common statistical standards and formats. While a wealth of data is becoming easily accessible as a result of the information technology revolution, the need for high-quality analysis continues to increase. The multi-cultural composition of the UN

staff should be turned to its advantage in developing analytical approaches which combine and balance different cultural and scientific perspectives.

Just as the UN has an operational responsibility in the transition from an emergency situation to a more stable situation, it has a political role in trying to prevent the transition from a stable situation to an emergency. It can use its near global presence to strengthen systems of early warning whereby the world community is alerted to an emerging social crisis, and may thus be able to act before social unrest erupts into open conflict.

It is in the humanitarian field that the UN system most directly reaches out to individual human beings in need. The humanitarian ideals enshrined in the UN Charter, the subsequent reconfirmation of the UN humanitarian mandate in General Assembly Resolution 48/162, and the implementation in the field by UN agencies remain the most important instruments to maintain support for the UN in world public opinion. An abrupt transfer of responsibilities between agencies in the different stages of a conflict situation leads to serious transition problems. Development agencies should strive to be present in a country throughout a conflict situation. Normal, long-term development tasks may be continued in some parts of a country while they may have to be suspended in the conflict areas. The permanent presence of the UN at country level makes it well suited for handling the transitional phases in pre- and post-conflict situations. Based on the ongoing ECOSOC process, reform issues in the humanitarian field will be addressed at a later stage.

D. The Case for Reform

If the UN is to assume its role as the central framework for multilateral cooperation, there is an urgent need to develop a more integrated and effective UN system in the economic and social fields, including emergency relief, long-term development cooperation and the transition between the two. Reform efforts have been undertaken to improve coordination of activities and to strengthen governance of the normative and operative functions of the organisation. The incremental nature of these reforms, together with their slow implementation has, however, limited their impact. Taken individually or together, reforms have not been able to convince the member states that the results attained will enable the UN system to live up to expectations.

It is imperative for UN reform efforts to re-establish a basic trust in the UN system, which in turn should create a climate conducive to strengthening and broadening the financial basis of the organisation. If reforms are not sufficient,

donors of core-budget support will be increasingly prone to seek other channels for their funds.

The most immediate way to re-establish this trust is by demonstrating a clear impact of UN activities at country level. This is the yardstick by which the UN activities in the economic and social fields should be measured. This impact can be assessed on the basis of two factors: first, the ability of the UN to translate global norms, agreements and policy priorities into useful policy advice to all governments; and second, the ability of the UN system to establish and implement operational programmes in support of member states' efforts to implement global norms, agreements and policy priorities.

1. The Country Level: Supporting Integrated Development and Local Ownership

1.1 The Setting: The Position of the UN in the Interaction of Development Institutions

The people and governments of member states face an increasingly diversified set of local and national development institutions, often supported by a large number of bilateral, multilateral and non-governmental organisations. The international development community has agreed that the ownership of all development efforts must rest with the people and institutions of developing countries, under the full responsibility of their governments.

To ensure local ownership of integrated development efforts, the activities of international agencies should be in accordance with development priorities identified by the countries and integrated into the activities of local institutions, and these institutions should have the capacity to set development priorities and manage these activities. Since the operational activities of the UN in most countries are relatively small in quantitative terms, the challenge for the UN lies in effective delivery of services and support for the development of capacity in the institutions of the countries concerned.

The operations of the UN in the economic and social fields must be supportive of existing institutions at country level. Hitherto, the UN may have contributed to institutional diversification through its fragmented presence. The UN must respond in a relevant and competent way to changing needs in member countries. Developing countries should meet a unified and responsive UN, not a UN fragmented by systemic and administrative barriers, inter-agency competition and an unclear division of labour. The UN system should be flexible in its ability to design programmes in accordance with the needs and priorities of host countries, taking into account their efforts to implement globally agreed norms, standards and policy priorities. Furthermore, within the normative framework provided by the intergovernmental process, the UN at country level should identify a number of priority areas in close cooperation with the host country.

1.2 The Roles and Functions of the UN at Country Level

The UN has a significant role in providing policy advice, operational support and various services in relation to the functions that countries must undertake to translate internationally agreed norms into action for the people of their

countries: national policy-making, priority-setting, strategy development, programming and budgeting, programme implementation, monitoring and evaluation, etc. The impact of the UN would be enhanced if the UN were to operate as a unified organisation at country level, not least because it would strengthen the UN in relation to the other actors involved in development cooperation at country level. There are five key arguments in favour of the establishment of a unified UN representation at country level:

1. Not all governments have sufficient time and resources to deal with the advice and inputs offered by the full range of UN bodies. While the task of managing international cooperation rests with the government, the responsibility of UN coordination should lie with the UN itself.

2. The international conferences and other initiatives during the 1990s have called for an integrated approach to development. This is reflected in work in the UN and elsewhere on new development paradigms (human development, sustainable development, capacity development, etc.), calling for an integrated approach.

3. Other international development agencies, including the World Bank, prefer to have a unified UN as a partner in the assessment of country-specific development cooperation needs. Fragmentation increases the risk of marginalisation of the UN at country level.

4. The expectations of member states regarding UN impact are considerable, while the UN's resources remain limited. The UN needs a critical mass of human and financial resources to optimise the impact of its operations. Given financial constraints, critical mass can only be achieved through further concentration of efforts in individual countries.

5. Through the unification and common programming and budgeting of activities, UN funds, programmes and specialised agencies would be required to develop common approaches in their collaboration with governments, e.g. with respect to the understanding of and approach to national execution.

The integrated approach to development requires cross-sectoral UN inputs and services. Poverty reduction, employment generation, sustainable resources management, and enhancement of equity are examples of tasks that must be addressed across sectors through activities at all functional levels: policy-making, priority-setting, programming, implementation, etc. In the past the structural implications of the cross-sectoral nature of UN tasks have not been adequately reflected in the UN's presence at country level.

1.3 Nordic Proposals: Unification of the UN at Country Level

If the UN is to be effective in the areas of economic and social development it must achieve a much greater degree of coherence in working at both the normative and operational levels. This will require a meaningful and sustained process of increased integration at country level and increased consolidation at headquarters level. At country level, *we propose that this integration lead to the development of a single UN development system, which should be organised in one UN office in the country.*

The integration of UN agencies at country level can be done in a way which does not jeopardise the identity of the organisations, but the goal would be one of effective unification of the system. The principal role of the UN should be to advocate and give support to developing national capacity for the formulation of policies and implementation of globally agreed commitments. Within this framework, the UN should, together with the host government, identify a limited number of priority areas for intervention.

The quality and impact of UN development programmes and projects would benefit greatly from integrated design and effective inter-agency collaboration, drawing on well-defined service functions provided by the different organisations of the UN development system in thematic priority areas. *We propose that an integrated programming and budgeting process should be established for the UN development system at the country level.*

To reach these objectives, *we propose that all members of the UN development system, i.e. funds, programmes and specialised agencies, should be represented by one common representative at country level, who should have the same responsibilities towards all organisations.* The representative of the UN development system should be supported in his/her work by a multi-disciplinary team which is tailored, both substantively and structurally, to the UN's role in meeting the needs of the individual countries. Greater use should be made of local expertise and of networking between UN country offices in order to ensure that the required expertise is available to respond to country needs.

The representative of the UN development system should be appointed by the Secretary-General, and should normally also serve as the Resident Representative of the Secretary General. In this capacity, the UN representative should endeavour to make the UN as a whole able to respond in a timely, coordinated, flexible and adequate manner to emerging or changing circumstances in the country.

The following elements would provide the basis for integration of the UN at country level:

- Common premises of all UN funds, programmes and specialised agencies;
- Integrated programming and budgeting of activities, joint setting of priorities, and an agreed division of labour and responsibilities among UN agencies;
- Common administration, including administrative budgets and financial services, staff, including social services, procurement, payroll, information technology support, travel services, freight and customs clearance, transportation, and consular functions.

The integrated programming and budgeting of activities demands that the UN funds, programmes and specialised agencies have a common approach to decentralisation within their respective structures. On this basis, the different parts of the unified UN representation would work on their specific responsibilities. Ideally, the common administrative system at country level should be financed through assessed contributions from all member states. Before this is achieved, one should ensure a fair distribution of costs among all UN organisations.

1.4 The Challenges Ahead: Moving towards Unification

The problem of a fragmented UN is widely recognised and a series of policy statements have been made in favour of working towards a unified UN representation at the country level. The legislative authority for working in this direction exists, at least in part. This is clearly expressed in UN General Assembly Resolution 50/120 on the triennial policy review, in terms of the need to establish a common framework for country programming, to provide a coherent response to national plans and priorities, to avoid duplication and enhance complementarity, to establish common services within common premises and to strengthen the role of the UN resident coordinators together with common field-level committees. These recommendations should be strengthened by improved follow-up by member states of their implementation.

An integration at country level would thus include the provision of managerial authority to the Resident Representative for unification, integrated programming and budgeting, and common administration. The most effective way to achieve this integration, while maintaining the identity of individual UN organisations, would have to be worked out in close cooperation with all parts of the UN system. The same applies to the forms and extent of the integration of the humanitarian agencies of the UN into the unified UN representation at country level.

2. The Headquarters Level: Integrated Support of Country Level Operations

2.1 The Setting: Supporting Integrated Country Operations

The UN development system at headquarters level must be supportive of both normative and operational tasks of the UN. It is well placed to support the translation of global norms and priorities into action having a direct and positive impact on the people of the member countries. To achieve this, the following conditions have to be met:

1. The structures of the UN headquarters must be supportive of the unified UN representation at country level. This requires at headquarters a certain degree of integrated and harmonised support and backstopping of field operations.

2. The UN headquarters must have the capacity both to prepare the adoption of new global norms and to assist in their translation into relevant regional and country-level activities. This requires competence in analysis and policy preparation as well as in operationalisation, monitoring and follow-up.

3. The UN development system, including the funds, programmes and specialised agencies, must have sufficient competence within priority aspects of development for it to be recognised as a competent partner by other public and non-public actors in the international development cooperation system.

Today, these conditions are not met to a sufficient degree. The UN system is institutionally fragmented into numerous funds and programmes, specialised agencies, regional economic commissions, and separate, though closely related, departments in the UN Secretariat. The funds, programmes and agencies have different lines of authority between their headquarters and their presence at country level. The originally intended division of labour between policy preparation and analysis by some UN bodies and programme implementation and operations by other UN bodies has broken down. The UN development system has taken on so many crucial tasks that there is an obvious discrepancy between its objectives, its structure, and its resources.

2.2 The Roles and Functions of the UN at Headquarters Level

The UN Charter and the mandates of the various funds, programmes and specialised agencies cover a full range of activities in the economic and social fields that are encompassed under the two overriding roles of norm-setting and operations. We believe that the two roles are mutually supportive and integrated in the UN mission of supporting the translation of global norms into action.

The present headquarters structure of the UN is built on the premise that each UN fund, programme and specialised agency has its own field of specialisation, usually of a sectoral or thematic nature, and most of them have a mandate to undertake activities in the field through vertical support structures. With the present tasks of the UN, and even more so under the future UN envisaged by the Nordic countries, this originally intended clear division of responsibility is no longer feasible, nor even desirable. Each UN fund, programme, and specialised agency should perform two specific roles that call for integration of their development expertise:

1. All UN funds, programmes and specialised agencies should, from their individual perspectives, contribute to the elaboration of an integrated approach to development. The work at headquarters level should then be communicated to the UN country offices in a consolidated manner, in order not to burden field staff with too many different, possibly even conflicting views.

2. Depending upon their tasks and functions, most UN funds, programmes and specialised agencies have several roles to play in development promotion. Hence, the activities of UN organisations at headquarters level must cover the same range of functions as those covered at country level.

In short, the need to consolidate multiple perspectives on integrated development within multiple functions of development promotion makes it essential that pipelines are established for coordinated, preferably integrated, messages from UN headquarters, at least the headquarters of the funds and programmes, to the proposed unified UN country offices.

In this context, it should be noted that structures and activities at the *regional* level are not addressed in this paper because of ongoing work on the role and organisation of UN commissions and offices at regional level. However, the proposals do not envisage a role for the regional level for operational purposes.

2.3 Nordic Proposals: Consolidation of the UN at Headquarters Level

The unification of UN system activities at country level requires functional consolidation at headquarters level, including better harmonised procedures. This is the essential starting-point for the reform of UN headquarters. We give high priority to an assessment of the extent to which functional consolidation requires structural and organisational consolidation as well. *We propose a phased approach to the consolidation at headquarters level of the UN funds and programmes in the economic and social fields: firstly, the launching of an assessment of the need for structural consolidation in support of unification at country level; secondly, harmonisation and integration of a number of planning and administrative processes, which is cost-effective even within the present structures; and thirdly, decision on the extent and form of structural consolidation at headquarters level to achieve the greatest possible impact at country level.*

The term "consolidation" is used to indicate that we do not at the present stage propose reorganisation of UN headquarters into one development agency. The idea of one UN development agency remains a long-term option, however. Our proposals for functional consolidation imply close, effective links among the UN funds and programmes, under which some functions and activities would be fully integrated and hence be joint or common to the UN funds and programmes concerned, whereas other functions should in the short term become better harmonised. The implications of this approach are presented in some detail below.

2.3.1 Organisations in a Consolidated Structure

We propose that the assessment examines which functions and tasks have to be carried out at headquarters level and that the conclusions as to organisational structures are drawn solely on the basis of this. We furthermore propose that all operational funds and programmes take part in the functional consolidation at headquarters level and become part of an eventual, consolidated structure. Other organisations, such as the humanitarian and specialised agencies, should be as closely harmonised with this consolidated structure as possible. There is need for further analysis and dialogue on the ways and means of such strengthened coordination. We wish to emphasise that the move towards functional and possibly structural consolidation must not lead to greater administrative complexity.

2.3.2 Harmonised Rules and Procedures

The UN funds and programmes as well as the specialised agencies should harmonise their rules and procedures in a number of fields:

- All relevant UN organisations should harmonise their standards for programme and project design, approval, implementation, monitoring and evaluation;
- All relevant UN organisations should harmonise their rules for delegation of authority to the country offices;
- All relevant UN organisations should harmonise their budget processes and systems.

2.3.3 Joint Functions

As part of the functional consolidation of services, programming and budgeting, a number of functions and tasks should be integrated and, to the extent possible, undertaken jointly:

- Administrative services, including personnel, financial administration, and support to country offices;
- Programming, budgeting, and the establishment of criteria for the allocation and distribution of resources to country offices;
- Joint country programmes for the activities of all organisations. There should be a joint process for dealing with country programmes, carried out in close collaboration with the member states in the governing bodies;
- A common policy framework to guide the activities of the consolidated structure. This framework should be elaborated in close collaboration with all the organisations.

2.3.4 General Principles

The functional and the eventual subsequent structural consolidation should be established on the basis of the following general principles, taking into account the different tasks and roles of the organisations:

- The administrative structure should have as few layers as possible within headquarters as well as between headquarters and the country level;

- The size of the joint core staff should be limited. The practice of out-sourcing tasks as well as hiring on a short-term basis for specific tasks should be followed to a greater extent;
- Efforts should be made by all organisations to limit headquarters and strengthen the country offices. The common provision of services should enable the organisations to reallocate headquarters staff to the field and/or to normative or programming tasks;
- There should be further decentralisation of tasks, programme staff and responsibilities to the country offices.

2.3.5 Retention of Identities

The UN funds and programmes could retain their individual identities while their activities should be guided by a common policy framework. Each organisation should sharpen its focus within the common framework. Efforts to define more clearly the tasks of each organisation should be intensified. Roles and mandates should be specified and a clear division of responsibility adopted. Based on the more precise definition of its focus, each organisation should pursue fund-raising activities. The organisations should prepare decisions regarding their own programme budgets and special trust funds in their respective governing bodies. These decisions should be guided by the above-mentioned common policy framework. In addition, there is a need for further mechanisms to consolidate a UN programme for development activities in the economic and social fields. The design of improved mechanisms and related governance structures requires further analysis and discussion.

2.3.6 Collaboration with the Specialised Agencies and the Bretton Woods Institutions

There should be a new form of collaboration with the specialised agencies. They should be centres of excellence, focusing primarily on their normative tasks. Their operational activities, if any, should be clearly linked to the normative work at their headquarters level and be coordinated with the funds and programmes. At country level, the specialised agencies should work as host country advisers through the UN Representative, and thus be included in the common UN office.

There should be closer cooperation between the UN, the Bretton Woods institutions (BWIs) and the World Trade Organisation, based on their respective mandates, elaboration of their interrelationships and identification of specific themes for cooperation. Possible ways to strengthen collaboration would be the

further development of mechanisms to enhance cooperation, the joint implementation of the programmes of action of the major UN conferences, the preparation of reports by the BWIs to the UN, and the sharing of information and greater coordination of the UN and BWIs at field level. It must be recognised, however, that optimum cooperation will only be achieved when the UN improves its overall performance and gains more credibility and relevance in the economic and social fields.

2.3.7 Reorganising the UN Secretariat

Reform of the UN Secretariat is mainly the prerogative of the Secretary General. Significant efforts have been undertaken, but much remains to be done. Coherence in the structures of the Secretariat and in country level operations is interrelated. The UN Secretariat units dealing with economic and social issues (UN Departments for Economic and Social Information and Policy Analysis, for Policy Coordination and Sustainable Development, and for Development Support and Management Services) should be organised in a more effective and supportive manner. Their fragmented structure weakens the analytical capacity of the Secretariat and deprives the field-based operations of a coherent normative structure.

The General Assembly, ECOSOC, the Functional Commissions, and the operational organisations need a competent Secretariat. *We propose that the relevant parts of the three secretariat units be merged. The merged Secretariat unit should be headed by one Under-Secretary General responsible for economic and social issues (thus replacing the present USGs in this field). This USG should also function as the executive secretary of ECOSOC.*

The new USG position should ensure the proper functioning of the parts of the Secretariat dealing with economic and social issues and clarify the relationship to ECOSOC, the funds and programmes, and the specialised agencies. The earlier attempt to unify the secretariat functions failed in part because the link between the DG and the funds and programmes - between the normative and operational parts - was too weak. Placing the new USG position as the executive secretary of ECOSOC would strengthen the link between the Secretariat and the intergovernmental machinery and operational activities. This role would include presenting analytical reports, proposing decisions, and following up and ensuring implementation of decisions.

2.4 The Challenges Ahead: Steps towards Consolidation

The Nordic countries recognise that the proposals on reform at UN headquarters level require greater precision in the definition of - and a phased approach towards - a consolidated structure. It is critical that the reform of the operational activities at headquarters is aimed at providing maximum support for field activities, in particular improved performance through unification of the UN development system at country level. Many of the proposed reform measures can be implemented in the near future, whereas defining a fully consolidated structure at headquarters level would require further analysis and discussion within the UN system. This would then also be the context in which to examine the option of one UN development agency.

3. Governance of the UN System

3.1 The Setting: Enhancing Governance in Economic and Social Fields

In line with the proliferation of UN institutions over the past decades, the governance structure has become equally complex. While it has contributed significantly to the UN's role as a forum and to the elaboration and refinement of international norms and standards, it has also reduced the transparency and the accountability of the UN, including its operations. Duplication and overlapping functions are found not only among the operational UN bodies, but also among their governing bodies. The same issues are still examined in a comparable manner in several governing bodies, i.e. the General Assembly, ECOSOC, the Functional Commissions, the Executive Boards, as well as in the governing bodies of the specialised agencies. Each governing body has encompassed both plenary sessions and sessions of various sub-committees, sometimes addressing the same issues.

In recent years, some of the above problems have been addressed in efforts to reform the governance system, especially in the case of ECOSOC and the Executive Boards of the funds and programmes. However, the path taken must be followed further to enhance effectiveness and to simplify governance structures. This is especially the case because several trends interact, giving rise to new demands as to the quality of governance: the integrated understanding of and approach to development; the need to tackle global problems in economic and social fields in an integrated and effective manner; the greater focus on dialogue and capacity development in development cooperation; and the recognition of the need to integrate development issues with humanitarian assistance, conflict prevention, etc.

3.2 Clarifying the Functions of Governance

The Nordic countries find it helpful to distinguish between three types of governance in and for the UN:

1. *Policy:* Agenda, norm and standard-setting through dialogue and negotiations; policy making; and oversight of the subordinate bodies of the UN system. These are the primary tasks of the General Assembly, the UN conferences and various treaty-making bodies.

2. *Coordination:* Policy guidance; coordination of intergovernmental, inter-

agency and operational activities, particularly as they relate to implementation of the UN conferences including assessment of analyses and data collection; priority-setting as regards resources and activities; and consolidation of medium-term plans and budgets. These tasks are handled primarily by ECOSOC.

3. *Implementation:* Policy interpretation, preparation and application; strategy development; approval of programmes and budgets; oversight of operations management; and monitoring and evaluation. These tasks are handled by the governing bodies of the UN funds, programmes and agencies.

The challenge is to establish governance structures that will avoid cases where governing bodies at different levels of authority involve themselves in all three types of governance. The purpose would be to reduce the involvement of the higher level governing bodies in functions that are best governed by the governing bodies at lower level. In today's situation, there is a tendency for higher level governing bodies to engage themselves in discussing issues of implementation and operational management. To the extent that the higher level governing bodies would limit themselves to policy-making and oversight, the lower level governing bodies, in particular the Executive Boards of the funds and programmes, would be able to concentrate on strategy development, programming and budgeting. The functional commissions should provide the sectoral expertise. The reform proposals presented below aim to achieve such clarification and to indicate the consequences, especially for ECOSOC.

3.3 Nordic Proposals: Clarifying the Role of ECOSOC in an Improved UN Governance System

An effective system for governing the UN system should contribute to a shared sense of trust in, responsibility for, and ownership of the activities and policies of the system. In a more integrated and unified UN, the intergovernmental mechanisms should provide guidance on policy matters, coordination issues, operational strategies and programmes, administrative and financial plans and budgets, and should above all contribute to the monitoring of their implementation.

We propose that further integration of the intergovernmental mechanisms be pursued as well as a better division of labour between the different governing bodies. The aim should be to concentrate policy-making in the General Assembly, to relieve the higher level governing bodies from programming and

implementation issues, and hence to allow the lower level governing bodies to concentrate on strategies, programmes and budgets. In the meantime, better coordination between the existing governing bodies is necessary. This is discussed below in relation to the three types of governance identified above.

3.3.1 Policy-making

These governance tasks are carried out primarily by the General Assembly, UN summits and international conferences. In addition, the governing bodies of many specialised agencies have a role in norm and standard-setting.

The problems observed in the relationship between the General Assembly and ECOSOC need to be dealt with in order to improve the efficiency of the system as a whole. A true complementarity between the two bodies must take into account the role of the General Assembly in policy-making and the coordinating and policy-guiding role of ECOSOC. *We propose that ECOSOC's role as a filter for reports and recommendations be strengthened in order to avoid the overlap of policy discussions with the General Assembly.* For the same reason, the agendas of the 2nd and 3rd Committees of the General Assembly should be consolidated.

3.3.2 Coordination

ECOSOC must strengthen its coordination role in accordance with the Charter provisions. *We propose that a significant ECOSOC role should be to ensure coordinated UN follow-up of the outcome and monitoring the implementation of the global conferences in the economic, social and related fields.*

ECOSOC should provide clear guidance to the UN system on policy and operational issues. *We propose that ECOSOC should be convened whenever necessary to address urgent developments in the economic, social and related fields that may require guidance and coordination by the Council.* An active bureau should analyse when this is the case and make the necessary preparations for sessions, in close cooperation with the proposed USG for Economic and Social Issues, in the capacity of executive secretary for ECOSOC.

ECOSOC should provide policy guidance to member states as well as to UN funds and programmes and the functional and regional commissions, based on the policy-setting role of the General Assembly. Reporting on activities and advice on the translation of policy guidance into action should move upward

from the subsidiary bodies to ECOSOC for review, appraisal and transmittal, when relevant, to the General Assembly. ECOSOC should compile the sectoral, operational and agency-originated reports into a consolidated report on development. It is important to build on the ongoing effort to reform ECOSOC, enhancing its results with respect to ECOSOC's decision-making ability. Decisions concerning better preparation of the substantive meetings, improved reporting, a more focused agenda, and a more active bureau should be implemented without delay.

We propose that ECOSOC provide policy guidance to all parts of the UN system, including the specialised agencies and the Regional Commissions.

ECOSOC's role vis-à-vis the operational activities of the UN development system should be to provide a forum for dialogue on economic and social issues and should be concentrated on the coordinated follow-up to the triennial policy reviews of the operational activities by the General Assembly and specific discussions on how to ensure coordinated follow-up, at the country level, to the major international conferences and other major UN initiatives, by the funds, programmes and specialised agencies.

The Regional Commissions have initiated an examination of their activities, priorities, programmes and staff. It is important that this review examines closely, as intended, the efficiency and cost-effectiveness of the Commissions. Furthermore, the Regional Commissions should be assessed with regard to the role they should play in relation to the UN's normative and operative functions.

It has already been decided in the UN that the subsidiary structure of ECOSOC should be further reviewed in order to assess whether its tasks could be absorbed by ECOSOC and other forums. *We support the proposal that such a comprehensive review of the mandates, composition, functions and working methods of the Functional Commissions should be undertaken.* In this review special emphasis should be placed on the role of the Functional Commissions as advisory bodies to ECOSOC. Each Commission should deal with its specific aspects of a cross-sectoral issue, based on multi-year work programmes. The Functional Commission should also give expert advice on the substance of the operational activities of the UN.

3.3.3 Implementation

We propose that ECOSOC exercise its authority fully vis-à-vis its subsidiary bodies. In relation to the funds and programmes, better harmonisation of budgets

is called for. The funds and programmes must implement recent ECOSOC decisions calling for joint meetings of the Executive Boards. *We propose that, at the operational level, the ultimate goal should be a unified governing body for a consolidated UN development system.* This is closely related to the option of establishing one UN development agency.

Better guidance by ECOSOC of its Functional Commissions and expert bodies is equally important. ECOSOC should, on the basis of multi-year work programmes and priority-setting elaborated by the Functional Commissions, ensure coordination and the most relevant input to its deliberations. The Functional Commissions should provide ECOSOC with expert advice and assist ECOSOC in the implementation and follow-up to the international conferences. The Commissions should, aided by a strengthened Secretariat, monitor the implementation of agreed commitments and make recommendations on ways to solve emerging policy and/or coordination problems. ECOSOC should consider recommendations related to coordination and submit policy recommendations to the General Assembly for appropriate action.

3.4 The Challenges Ahead: Reforming Governance and Operations

The governing bodies of the UN system are both carriers of and targets for the reform proposals presented by the Nordic countries in this paper. We believe that decisions to enhance unification of the UN at country level and functional consolidation at UN headquarters can go ahead relatively independently of decisions to review and reform the governance structures.

While we put forward the proposals to reform governance as outlined above, we believe that further work is needed to reach the most effective division of responsibility between the three types of governance outlined in Section 3.2. In addition to the issues raised above, we wish to point out the need to improve the links between the governing bodies of the specialised agencies and the governance of the UN as a whole.

4. Financial Reform and Predictable Funding

4.1 The Setting: Complexity and Instability

There is a need for a substantial increase in resources for operational activities for development, on a predictable, continuous and assured basis, commensurate with the needs of developing countries. There is an urgent need to strive for the fulfilment of the agreed target of 0.7% of GNP for ODA as soon as possible. Developing countries are responsible for their development processes, and operational activities for development are a joint responsibility of all countries. Partnership between developed and developing countries should be based on agreed mandates, principles and priorities of the UN system in the development field. All countries should demonstrate their commitment to the funds and programmes, and in this regard, the importance of equitable burden-sharing among developed countries is emphasised.

The funding of the UN system's economic and social activities has evolved over time into a complex arrangement of assessed budgets, extra-budgetary funds, recipient country contributions, pledges, and financial support raised from non-government sources. The diversity of this system is one of its strengths. On the other hand, there are a number of aspects of current arrangements for funding UN development activities which hinder the effectiveness of the system and which threaten its sustainability. These negative aspects can be summarised in the words over-dependence, instability and fragmentation. The alarming decrease in multilateral funding for development purposes is, unfortunately, an illustration of these negative aspects.

Over-dependence: The UN is a universal organisation but the funding system for its economic and social activities does not reflect this fact. Only 10-15 of the 185 member states bear the primary responsibility for providing adequate funds. Fewer than ten countries cover 80-90 per cent of the core budget of the major funds and programmes. There is a clear risk of these funds and programmes being over-dependent on a small number of contributing countries for their funding. In this context, we wish to point to the significant contributions by the Nordic countries to the UN funds and programmes (see tables pages 37-40).

Tables: numbers in million US Dollars

UNDP

Country	1993 USD	1993 %	1994 USD	1994 %	1995 USD	1995 %
Nordic	234	26	243	27	250	27
Japan	96	11	100	11	105	11
The Netherlands	87	10	94	10	103	11
Germany	82	9	83	9	94	10
USA	125	14	113	12	50	5
Switzerland	31	3	45	5	45	5
United Kingdom	44	5	39	4	37	4
Canada	41	5	30	3	32	3
Total	**909**	**81**	**918**	**81**	**929**	**77**

UNFPA

Country	1993 USD	1993 %	1994 USD	1994 %	1995 USD	1995 %
Nordic	67	31	71	28	79	27
Japan	45	21	49	19	51	17
USA	15	7	40	16	50	17
The Netherlands	28	13	29	12	36	12
Germany	26	12	27	11	33	11
United Kingdom	11	5	11	4	12	4
Canada	9	4	10	4	10	3
Total	**216**	**93**	**255**	**93**	**294**	**92**

UNICEF

Country	1993 USD	1993 %	1994 USD	1994 %	1995 USD	1995 %
Nordic	104	29	111	31	110	31
USA	100	28	100	28	100	28
Japan	26	7	28	8	29	8
The Netherlands	20	6	23	6	26	7
United Kingdom	14	4	13	4	13	4
Switzerland	11	3	13	4	13	4
Italy	24	7	18	5	12	3
Canada	14	4	13	4	10	3
Total	**358**	**87**	**361**	**89**	**354**	**88**

WFP

Country	1991-2 USD	1991-2 %	1993-4 USD	1993-4 %
USA	1 012	36	1 118	36
EC	603	22	536	17
Canada	257	9	250	8
Japan	88	3	217	7
Nordic	223	8	191	6
The Netherlands	131	5	160	5
Germany	111	4	139	4
United Kingdom	61	2	99	3
Australia	88	3	85	3
Total	**2 800**	**92**	**3 105**	**90**

UNHCR

Country	1994 USD	1994 %	1995 USD	1995 %
USA	256	24	226	26
EC	237	22	149	17
Nordic	161	15	136	16
Japan	121	11	97	11
The Netherlands	60	6	73	9
United Kingdom	68	6	50	6
Switzerland	22	2	19	2
Germany	15	1	17	2
Total	**1 069**	**88**	**863**	**89**

UNRWA

Country	1993 USD	1993 %	1994 USD	1994 %	1995 USD	1995 %
USA	67	35	72	30	70	28
EC	11	6	61	26	61	25
Nordic	27	14	38	16	39	16
Japan	21	11	20	8	21	8
Switzerland	7	4	9	4	10	4
United Kingdom	10	5	9	4	9	4
Total	**193**	**74**	**239**	**88**	**247**	**85**

UNDCP

Country	1993 USD	1993 %	1994 USD	1994 %	1995 USD	1995 %
Italy	15,3	28	12,6	26	12,5	20
United Kingdom	8,7	16	6,1	13	10,1	16
Nordic	9,5	17	6,9	14	8,3	13
Germany	1,8	3	5,8	12	7,4	12
EC	2,1	4	1,3	3	6,1	10
USA	7,2	13	4,3	9	5,9	9
Japan	4,5	8	5,5	12	4,0	6
France	1,8	3	1,9	4	1,7	3
Total	**54,8**	**93**	**47,8**	**93**	**62,4**	**90**

UNIFEM

Country	1993 USD	1993 %	1994 USD	1994 %	1995 USD	1995 %
The Netherlands	2,6	26	2,8	27	5,2	34
Nordic	1,9	19	1,8	17	2,3	15
Japan	0	0	0	0	1,7	11
Switzerland	0,2	2	0,3	3	1,2	8
Germany	0,8	8	0,8	8	1,1	8
Canada	1,2	12	1,1	11	1,1	7
USA	1,0	10	1,0	10	1,0	6
Belgium	0	0	0	0	0,6	4
Total	**10,0**	**77**	**10,3**	**75**	**15,0**	**94**

Instability: The system of annual voluntary pledges for financing UN development activities has in practice contributed to the weakening of the system. Voluntary contributions are increasingly unpredictable. When national development cooperation budget cuts are made, governments tend to cut the voluntary core contributions to the UN funds and programmes, while maintaining other multilateral commitments, because contributions to the international financing institutions are negotiated and committed on a multi-year basis. This places the UN's activities in the economic and social development field at an inherent funding disadvantage.

Fragmentation: A related problem is that the increasing emphasis on extra budgetary funding, rather than core budget support, fragments the system and tends to undermine the role of governing bodies. It also makes the development of coherent programmes of UN support to governments more difficult.

Another challenge is posed by the important trend towards thematic funding, which often attracts more resources than core funding. The cross-sectoral issues and themes dealt with in the global conferences make it necessary to examine this aspect further. For example, what happens to the funding of those activities which are not directly covered in the global conferences but have a significant role to play in the implementation of the UN's normative functions at the country level? Cross-sectoral themes must be adequately funded, and be complementary to ordinary funding.

It can be argued that a more unified UN system would, by producing a more visible positive impact on national development, make it easier to find effective solutions to the problems of providing adequate, stable, and flexible financing.

4.2 Current Initiatives in Funding

If the problems of over-dependence, instability and fragmentation in the funding of UN activities in social and economic development are to be addressed, the process of change should be consistent with the General Assembly's decision, in resolution 50/227, on a process to examine new funding mechanisms. The first step in such a process must be to establish clear and universal criteria for such funding arrangements. These discussions must be initiated in the General Assembly, ECOSOC and the funds and programmes. The resolution also states that "the governing bodies of each programme and fund should take decisions on their own funding arrangements." As a result, any proposed changes must allow the governing bodies some flexibility in the use of various sources of funds.

At the Social Summit, it was agreed that countries would "seek to mobilise new and additional financial resources that are both adequate and predictable and mobilised in a way that maximises the availability of such resources." At the 1996 ECOSOC session, the Secretary General was requested to prepare a report on "all aspects of new and innovative ideas for generating funds for globally agreed commitments and priorities" to be discussed at the 1997 session.

Member states retain primary responsibility for funding the UN in the economic and social fields. In addition, several new funding mechanisms are the subject of continued discussion. Ideas include a global tax on the use of non-renewable energy and levies on using credit cards, air travel and air freight, international telecommunications services, accessing the Internet, postal services, and financial market transactions. Another proposal is to further involve the private sector in financing the operational activities of the UN system.

Humanitarian concerns, environmental problems, trade and development are today highly interconnected phenomena. The relationship between private and public is constantly changing. Furthermore, it could be argued that the private sector benefits indirectly from UN activities because they contribute to the creation of social and institutional conditions that are conducive to investment and economic development. The UN should continue to examine potential private sector sources for its operational activities.

4.3 Nordic Proposals: Diversification within Multilateralism

We propose that reform in funding the work of the UN funds and programmes should be judged on its ability to meet the following essential basic requirements:

- It should ensure resources on a predictable and continuous basis;
- It should facilitate the creation of a link between an agreement on the volume of the activities and the sharing of the financial burden. It is essential that decisions which commit organisations to greater levels of activity or to activities in new areas should be linked to decisions to provide financial resources (as an example of this approach, the Global Environmental Facility is a clearly funded response to global commitments in the environmental sector);
- It should recognise that while most resources continue to come from industrialised countries, it is important that all countries contribute to the financing of the system;

- It should recognise that the administrative machineries both at headquarters and country level should be a financial responsibility of all UN member states.

In addition, responding to the need for greater predictability and flexibility in funding arrangements for the UN requires continued efforts to access more diverse sources of funding to be carried out within a strengthened framework of guidelines which will preserve the multilateral nature of UN activity in development cooperation. This, in turn, calls for a combination of:

- The present system of voluntary contributions;
- Pledges agreed upon among participating countries after negotiations; and,
- Contributions from all member states on an assessed scale. The last of these should cover basic administrative costs.

Extra-budgetary contributions should be complementary to the core budget funds. All funded activities must fit within the specific framework and mandate of the organisation and be in line with the general guidelines decided by the governing body.

We find that further examination of new sources of funding should be encouraged. We will seek global agreement on new sources of funding. A voluntary system could be considered, as a step towards a global system. The idea of a voluntary fee, related to an international "good" or to externalities, to be used for a commonly agreed international purpose could be further explored. As noted earlier, all new sources of funding to be considered must pass the test of allowing the UN system at country level to retain its multilateral character and must permit the development of cohesive and flexible UN programmes at country level.

4.4 The Challenges Ahead: Balancing Diversity with Consistency

The challenge in diversifying the way in which the UN system accesses funds in the economic and social development areas is to balance the need to allow the system to be innovative and adaptive with the need to ensure that programmes remain directly related to the mission and norms of the UN, while maintaining the essential strengths of multilateral action. Innovations should not be discouraged if they have the effect of reducing the unpredictability of budgets, diversifying beyond a small group of key supporting countries, or reducing the fragmenting pull of overspecification of some extra-budgetary funds. Diversi-

fication of funding should be encouraged to the extent that it can occur within strong guidelines which preserve the essential mission of the UN in the economic and social fields, especially, if it strengthens the role of core funding.

5. Recruitment and Management of Staff

5.1 The Setting: Recognised Limitations and Partial Reform

The fact that the staff of the UN is recruited from more than 170 member countries is one of the UN's major strengths. It is essential, however, to balance the important principles of organisational universality with the essential recruitment principles of competence, experience and efficiency. It is necessary to respect the UN Charter provisions relating to the need for the highest standards of efficiency, competency and integrity among UN staff members. Furthermore, insufficiently objective and uniform recruitment criteria have the effect of reducing transparency and rendering the recruitment process more susceptible to political pressure from member states.

In order to secure the maximum impact at country level, it is imperative for the UN not only to attract and maintain qualified staff, but also to develop staff competence on a continuous basis. By supporting a unified UN system at country level and a consolidated UN system at headquarters level, the Nordic countries intend that their proposals for UN reform should lead to increased impact at country level. If the UN staff undertaking the more unified programming, budgeting, monitoring and evaluation activities are lacking competence, this improved impact will be at risk. Thus, competent people are as important as organisational structures, funding and governance to the overall effectiveness of the UN in the economic and social field. Accordingly, an initiative in improved human resource management and development is integral to the reform proposals of the Nordic countries.

5.2 Key Elements in Staff Recruitment and Management

It is useful to identify some of the key elements in staff recruitment and management processes and policies which appear especially important to the effectiveness of the UN system in the economic and social field. These elements are transparent recruitment of very senior staff, flexible employment of a more specialised staff, systematic, result-oriented performance appraisal, unified human resource practices and policies across the system, and competitive and performance-related compensation. Over the past decade, analysis of the use of human resources in the UN system has consistently identified weaknesses in these elements. Notwithstanding recent initiatives in such areas as performance appraisal, many of these weaknesses persist.

5.3 Nordic Proposals: Focused Reforms in a Unified Staff System

We propose a series of reform initiatives aimed in particular at greater performance-related flexibility in the recruitment and development of staff within the UN system. These initiatives are intended to culminate in more modern and flexible procedures for recruiting and developing staff while allowing for more movement of staff within a unified UN. Specific proposals can be related to each element in the staff recruitment, development and management process.

5.3.1 Recruitment Policy

The qualities and qualifications of candidates to all posts should form the primary background on which one candidate is finally singled out and appointed. Qualities and qualifications should be weighted in terms of the candidate's ability to implement a modern management strategy. It is of primary importance that candidates are both professionally and administratively very well qualified.

Regarding the administrative procedures preceding the appointment of a candidate, there is an overall need for clearer and more simple directives for the process and for higher levels of transparency and accountability. These should be met by developing detailed job descriptions and statements of basic skill requirements which are widely available well in advance of recruitment to any senior management position.

Consideration should be given to limiting the terms of office for top posts. This would diminish the risk of "national monopolies" on certain posts. Similarly, the introduction of a more widespread use of time-limited contracts should be considered.

5.3.2 Flexible Employment of a More Specialised Staff

The fit between the present staff qualifications in the UN and the demand for development services should be improved in order to ensure that appropriate staff resources are available to meet the needs of an integrated approach to development promotion at country level.

Therefore, we propose that the UN should develop a new and more flexible employment and staff development policy. The policy could include numerical targets for the move to less permanent forms of contract, and it should imply a

reduction in the recruitment of generalists for operational posts and the use of more flexible forms of contracting of candidates with technical competence. In operational posts, effectiveness in substantive programme areas should be rewarded, rather than administrative efficiency and adherence to procedures. This need not negate the notion of a core of qualified career civil servants in the UN, but it will imply a smaller central cadre of primarily policy-oriented professionals.

UNICEF and UNDP have recently engaged in utilising new forms of medium-term contracts for middle and senior level staff. This is being done in order to permit more use of human resources of either the private sector or government and to allow more flexibility in the recruitment of technically experienced staff in special areas. This is seen as complementary to the idea of a career international civil service rather than replacing it. *We support the implementation of such new recruitment practices in other parts of the UN system as well.*

5.3.3 Systematic Performance Appraisal

While a number of UN agencies have introduced or are introducing new systems of employee performance appraisal, it remains a critical problem that the performance appraisal systems are not thoroughly implemented and utilised. The UN system in general is in many ways lacking an administrative culture that is conducive to fully implementing a meaningful staff performance appraisal system and utilising it rationally. *We propose a thorough review of the UN staff performance appraisal system and the guidelines related to it.*

5.3.4 Unified Human Resource Practices and Policies

In order to maximise the country-level impact of the UN activities in economic and social fields, it is important to develop staff competence on a continuous basis. This is especially important with regard to skills related to programme activities, such as programming, monitoring and evaluation, not to mention the necessary socio-anthropological skills. The creation of a unified UN system in the economic and social fields at country level also requires the development of a UN team spirit and sense of ownership of joint UN programmes.

We propose a more unified personnel management system, encompassing the Secretariat, the funds and programmes and the specialised agencies. In this

system, the base would be a common pool of human resources which all agencies could and should draw on with regard to recruitment and promotion. Thus, career incentives should be designed to ensure that the loyalty of staff is shifted from the agency or programme to the UN system as a whole. This is a requirement for making unified country offices work. This unified personnel management should also include system-wide mechanisms for job rotation between UN organisations, between country and headquarters level, and also between the UN and private firms and other multilateral institutions.

5.3.5 Competitive and Performance-related Compensation

The UN has tried to maintain salaries which are commensurate with those of the most highly paid national civil services, but this principle has been seriously eroded. Other multilateral organisations such as the Bretton Woods institutions pay salaries which are considerably higher than those of the UN. The solution to the resulting imbalance could well be a combination of individually determined and competitive salaries (which may include performance incentives, provided appropriate systems of performance appraisal are established) and more flexible employment contracts. Improved conditions of employment might include improved allowances for housing, education and social security, better social integration of UN staff and their families, e.g. with regard to employment for spouses, parental leave etc., and improved possibilities for training and competence development. *We propose that the UN agencies active in the social and economic fields examine the range of options available for improving the competitiveness of compensation for UN staff in the economic and social fields, including competitive salaries and improved conditions of employment.*

5.4 The Challenges Ahead: Pursuing Reform in a Complex System

Implementing the changes described above in a cluster of organisations requires a combination of member-state commitment and staff participation and ownership, as well as access to high quality international expertise in human resource management. Staff reforms will need to deal with a realignment and occasional redeployment of headquarters staff to field level given the decentralisation of headquarters functions which should accompany the development of unified country offices. It will be necessary to implement the proposals in a manner which ensures that UN national staff are able to make the largest possible contribution to the work in the economic and social fields.

We propose that a stronger analytical foundation be established for the changes in staff recruitment and development, possibly through an independent study of the UN's human resource management and development system by expert consultants. The study could reveal the strengths and weaknesses of UN human resource management and develop ideas, recommendations and concrete time-tables for implementation. This should be done in a close dialogue with UN staff in order to draw on their experience and create a sense of ownership of the change process.

ABBREVIATIONS

BWIs	Bretton Woods Institutions
DDSMS	Department for Development Support and Management Services
DESIPA	Department of Economic and Social Information and Policy Analysis
DG	Director General
DPCSD	Department for Policy Coordination and Sustainable Development
EC	European Commission
ECOSOC	Economic and Social Council
GA	General Assembly
GNP	Gross National Product
ODA	Official Development Assistance
UN	United Nations
UNDCP	United Nations International Drug Control Programme
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
USD	United States Dollars
USG	Under-Secretary General
WFP	World Food Programme
WTO	World Trade Organization